

**SENATE COMMITTEE
ON
AGRICULTURE, LIVESTOCK, AND IRRIGATION**

House Bill 478

**Testimony of Ron de Yong
Director
Montana Department of Agriculture**

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

Good afternoon, for the record my name is Ron de Yong, Director of the Montana Department of Agriculture.

House Bill 478 proposes to reduce revenue to the nursery program by \$41,000, a 39% reduction. We do not have the ability to spread this reduction in revenue to other programs. Less than ten percent of the Department's revenue comes from the general fund. It is equally important to note that each department program was created by statute to stand alone and be self supporting. We currently inspect nurseries on average once every 10 years because of limited resources. Any reduction in revenue will further protract the inspection schedule.

Our mission is to protect agriculture. The effects of pests, whether they are plants, insects, or diseases, on agriculture are enormous. Because pests often affect more than one segment of the agricultural industry, we often see regulation in one segment of agriculture for the protection of another. For example, Black Stem Rust is a fungal rust of wheat which has the potential to reduce yields by 20 to 100 million bushels nationally. Epidemics of Black Stem Rust in the 1920s and 1950s prompted a massive national barberry eradication program and the implementation of a federal Black Stem Rust Quarantine. Susceptible cultivars of ornamental barberry plants are an alternative host that act as a disease bridge between crops and seasons and are often the source of new

rices of the fungus. Black Stem Rust is just one example of how the nursery industry is connected to agriculture through common pest threats.

At the same time, we understand the challenge license fees might pose to entrepreneurs and small businesses. With those concerns in mind, we suggested amendments to the bill as it made its way through the House committees that allow the needs of small business to be met while still addressing the technical and fiscal concerns we have with the bill. Of the seven suggested amendments for this committee, however, Sue O'Connell and Greg Petesch believe only the first two suggested amendments fit under the title of the bill. We have grave concerns with the bill moving forward with only those two amendments. We oppose House Bill 478 without our seven suggested amendments.

The amendments include adding "Montana" to the definition of small plant vendor. We believe the benefit of a license fee exemption should only accrue to Montana nursery stock growers. This change would preclude plants grown by a seller in another state from selling nursery stock in Montana under the small plant vendor exemption. We recommend \$1,000 rather than \$3,000 as the gross annual sales exemption amount for small plant vendors. Because we feel very strongly about traceability of nursery stock, we feel all nurseries, including small plant vendors, should be licensed. Our amendment would, however, exempt them from paying the license fee.

Based on the concerns expressed in the House Appropriations Committee, we propose that a single nursery license for all locations of sale could be made available to those who sell at multiple farmers' markets and who's combined annual gross sales is less than \$10,000. Those with more than \$10,000 in combined gross annual sales would still need to obtain a nursery license for each location. Because of the potential invasive species risk posed by imported nursery stock, we also recommend that out of state nurseries selling nursery stock into Montana obtain and pay for a nursery license. This involves striking subsection five of the license section.

To offset the fiscal impact of these changes, fees for the remaining nurseries would need to increase and so you'll note that we've suggested a new fee range.

As proposed and without the suggested amendments, the department of agriculture cannot support House Bill 478. We recommend that this bill not be passed and that either a legislator with a placeholder introduce a revenue bill containing the seven amendments by the revenue transmittal date – a very tight timeframe, or allow us to continue with the current status quo which keeps inspections and other program activities at their existing level until the next session. I think it is important to emphasize that there is not another source of revenue that can replace the losses that would be incurred if this bill passes without amendment or if the bill passes with only the first two of the seven amendments. Thank you for the opportunity to speak on this legislative bill.